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202301UECM1404OE4a

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Started on	Sunday, 16 April 2023, 05:17 PM
Completed on	Sunday, 16 April 2023, 05:18 PM
Time taken	15 secs
Grade	0 out of a maximum of 10 (0%)

1  
Marks: 1


John buys a bond that is due to mature at par in 2 year. It has a 400 par value and coupons at 9% convertible semiannually. John pays 432.13 to obtain a yield rate  $i$  convertible semiannually,  $i > 0$ . Calculate  $i$ . [Obtain  $i$  in 4 decimal places]

Answer:

[Make comment or override grade](#)

Incorrect  
Correct answer: 0.04743

Marks for this submission: 0/1.

2  
Marks: 1


A 1,000 bond with with annual coupons is redeemable at par at the end of 9 years. At a purchase price of 900, the yield rate is  $i$ . The coupon rate is  $i-0.03$ . Calculate  $i$ . \_\_\_\_\_

Answer:

[Make comment or override grade](#)

Incorrect  
Correct answer: 0.2634

Marks for this submission: 0/1.

3  
Marks: 1


A 1000 par value 22-year bond with annual coupons and redeemable at maturity at 1070 is purchased for  $P$  to yield an annual effective rate of 8.87%. The first coupon is 100. Each subsequent coupon is 3% greater than the preceding coupon. Determine  $P$ . \_\_\_\_\_

Answer:

[Make comment or override grade](#)

Incorrect  
Correct answer: 1365.28

Marks for this submission: 0/1.

4  
Marks: 1

Brian buys a 30-year bond with a par value of 1800 and annual coupons. The bond is redeemable at par. Brian pays 2568 for the bond assuming an annual effective yield rate of  $i$ . The coupon rate is twice the yield rate. At the end of 7 years, Brian sells the bond for  $P$ , which produces the same annual effective yield rate of  $i$  for the new buyer. Calculate  $P$ . \_\_\_\_\_

Answer:

[Make comment or override grade](#)

Incorrect  
Correct answer: 2424.963513

Marks for this submission: 0/1.

5

Marks: 1

An actuary finds a 18-year bond that was purchased at a premium has determined the following:

- The bonds pays semiannual interest.
- The amount for amortization of the premium in the 2nd coupon payment was 991.67.
- The amount for amortization of the premium in the 4th coupon payment was 1119.63.

What is the value of the premium? \_\_\_\_\_

Answer:

X

[Make comment or override grade](#)

Incorrect  
Correct answer: 117750.902774

Marks for this submission: 0/1.

6

Marks: 1

Bryan buys a 2n-year 1000 par value bond with 8.2% annual coupons at a price P. The price assumes an annual effective yield of 13%. At the end of n years, the book value of the bond, X, is 50.25 greater than the purchase price, P. Assume  $v^n_{13\%} < 0.5$ . Calculate X. \_\_\_\_\_

Answer:

X

[Make comment or override grade](#)

Incorrect  
Correct answer: 690.7686

Marks for this submission: 0/1.

7

Marks: 1

A 18-year bond with semiannual coupons has a redemption value of 100. It is purchased at a discount to yield 12% compounded semiannually. If the amount for accumulation of discount in the 33th coupon payment is 2.69. Determine the total amount of discount in the original purchase price? \_\_\_\_\_

Answer:

X

[Make comment or override grade](#)

Incorrect  
Correct answer: 49.649577

Marks for this submission: 0/1.

8

Marks: 1

Laura buys two bonds at time 0. Bond X is a 4000 par value 12-year bond with 12% annual coupons. It is bought at a price to yield an annual effective rate of 10%. Bond Y is a 12-year par value bond with 8.1% annual coupons and a face amount of F. Laura pays P for Bond Y to yield an annual effective rate of 10%. During year 4, the write-down in premium (principal adjustment) on bond X is equal to the write-up in discount (principal adjustment) on bond Y. Calculate P. \_\_\_\_\_

Answer:

X

[Make comment or override grade](#)

Incorrect  
Correct answer: 3665.43097

Marks for this submission: 0/1.

9

Marks: 1

A 1,000 15-year 10% bond with semiannual coupons is purchased for 1139. The redemption value is 1,000. The coupons are reinvested at a nominal annual rate of 8%, compounded semiannually. Determine the purchaser's annual effective yield rate over the 15 year period. \_\_\_\_\_

Answer:

X

[Make comment or override grade](#)

Incorrect  
Correct answer: 0.083718

Marks for this submission: 0/1.

10 🗨

Marks: 1

A 800 bond with 10% annual coupons and a maturity date 20 years from now can be called at par on any coupon due date starting 10 years from now. What is the price an investor pay to get a minimum yield rate of 12% effective? If this price is paid, what is the maximum yield rate the investor can earn? \_\_\_\_\_

Answer:



[Make comment or override grade](#)

Incorrect

Correct answer: 0.127226

Marks for this submission: 0/1.

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